



Department of Justice

FOR IMMEDIATE RELEASE
WEDNESDAY, JANUARY 13, 1999
WWW.USDOJ.GOV

AT
(202) 616-2771
TDD (202) 514-1888

JUSTICE DEPARTMENT APPROVES PROPOSAL BY PRIVATELY-OWNED FUNERAL HOMES TO ENGAGE IN JOINT PURCHASING OF CASKETS

WASHINGTON, D.C. -- The Department of Justice today approved a proposal by NSM, a trade association of 865 privately-owned funeral homes, that would allow it to engage in the joint purchasing of caskets.

In a business review letter issued by Joel I. Klein, Assistant Attorney General in charge of the Antitrust Division, the Department stated that NSM's proposal should not harm any seller or consumer because NSM members purchase a relatively small share of caskets, the cost of caskets are a fraction of overall funeral service prices, and NSM will be adopting measures to reduce antitrust risk.

According to NSM, independent family-owned funeral homes have faced increased price competition in recent years as a result of acquisition consolidation, increased use of crematoria, and new entry from cemeteries and direct selling casket retailers. The proposed NSM Purchasing Association would allow NSM members to pool their casket purchases so that they can obtain the type of quantity discounts that are said to be offered by casket manufacturers to the larger corporate providers of funeral services. Reduction in the casket purchase costs would allow NSM's members to compete more effectively for price sensitive customers.

The proposed joint purchasing entity would be operated in a manner designed to reduce competitive risk. Its business operations would be conducted by a full-time buying agent and staff that are not employed by or members of NSM. The independent buying agent would keep all competitively sensitive information confidential, and would not disseminate any such information among the members. Use of the joint purchasing agent would be available to other family or privately-owned funeral homes in the United States, not just to NSM members, and members would remain free to purchase caskets outside of the joint venture.

The Constitution and By-Laws of the Association will cap membership to prevent it from exceeding 35 percent of United States casket purchases. Legal counsel will be present at all meetings of the joint venture and acceptance of an antitrust compliance policy will be a condition of membership in the joint venture.

NSM accounts for 6.3 percent of funeral home locations in the United States. In 1997, casket costs accounted for 16.91 percent of the cost of an adult funeral.

Under the Department's Business Review Procedure, an organization may submit a proposed action to the Antitrust Division and receive a statement as to whether the Division will challenge the action under the antitrust laws.

A file containing the business review request and the Department's response may be examined in the Antitrust Documents Group of the Antitrust Division, Suite 215, Liberty Place,

- 3 -

325 7th Street, N.W., Department of Justice, Washington, D.C. 20004. After a 30-day period, the documents supporting the business review will be added to the file.

###

99-009